



JEFFERSON
HOME MORTGAGE AUTHORITY
NEW ORLEANS, LOUISIANA

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**PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY
JEFFERSON PARISH, LOUISIANA**

Financial Statements and Schedules

December 31, 1998 and 1997

With Independent Auditors' Report Thereon

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the State House Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/26/99



July 2008 One Westbrook
New Orleans, LA 70112-2000

Independent Auditor's Report

The Board of Trustees
Parish of Jefferson Home Mortgage Authority

We have audited the balance sheets of the Parish of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of December 31, 1998 and 1997, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraph, we conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Amendments about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The Authority has included such disclosures in Note 13. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Authority's disclosures with respect to the Year 2000 issue made in Note 13. Further, we do not provide assurance that the Authority is, or will be, Year 2000 ready, that the Authority's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Authority does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 1999 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



This audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects, if any, of Year 2000 matters as described in the third paragraph of this report, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 9 to the financial statements, effective January 1, 1991, the Authority adopted the provisions of the Governmental Accounting Standards Board's Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Funds*.

KPMG LLP

February 24, 1999



Suite 2000 One Main Square
New Orleans, LA 70002-2888

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**Independent Auditors' Report on the Internal
Control Structure of the Financial Statement Level**

The Board of Trustees
Fidelity of Jefferson Home Mortgage Authority

We have audited the financial statements of the Fidelity of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the year ended December 31, 1998, and have issued our report thereon dated February 24, 1999, which was qualified because insufficient audit evidence exists to support the Authority's disclosure with respect to the Year 2000 issue. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended for the information of the Board of Trustees, management and the State of Louisiana Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 24, 1999

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Balance Sheets
(in thousands)

December 31, 1998 and 1997

Assets	<u>1998</u>	<u>1997</u>
Cash and cash equivalents (notes 2 and 6)	\$ 28,058	4,071
Investment securities at fair value (notes 2 and 6)	47,927	27,969
Mortgage loans receivable (note 3)	131,999	168,147
Real estate owned (note 1)(i)	4	96
Accrued interest receivable	1,080	1,425
Real estate taxes, net (note 1)(ii)	5,193	3,654
Prepaid assets	4	17
Other assets	128	12
	<u>\$ 212,397</u>	<u>206,397</u>
 Liabilities and Retained Earnings		
Liabilities:		
Bonds payable, net (notes 1)(j), 4 and 7)	\$ 171,899	182,834
Lines of credit payable to bank (note 4 and 7)	21,632	3,958
Accrued interest payable	5,800	7,724
Deferred commitment fees (note 5)	125	158
Other liabilities	124	17
Total liabilities	<u>199,679</u>	<u>198,794</u>
Retained earnings:		
Unreserved	3,400	2,481
Reserved	15,318	15,952
Total retained earnings	<u>18,718</u>	<u>18,433</u>
	<u>\$ 212,397</u>	<u>206,297</u>

See accompanying notes to financial statements.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Statements of Revenues, Expenses
and Changes in Retained Earnings
(in thousands)

For the years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Investment income on mortgage loans	\$ 12,789	12,925
Investment income on investments	2,725	1,926
Commissions fees	<u>8</u>	<u>6</u>
Total operating revenues	<u>15,479</u>	<u>14,857</u>
Operating expenses:		
Interest on debt items 1(g)	15,444	15,311
Amortization of bond insurance costs and other costs	1,315	671
Servicing fees	340	364
Bond insurance costs	4	56
Mortgage loan insurance costs	56	15
Trustee fees	63	115
Other operating expenses	<u>152</u>	<u>487</u>
Total operating expenses	<u>17,854</u>	<u>16,419</u>
Operating loss, as stated (Note 5)	(515)	(562)
Retained earnings at beginning of year, as stated (note 5)	<u>16,833</u>	<u>16,990</u>
Retained earnings at end of year, as stated (note 5)	\$ <u>15,518</u>	<u>16,428</u>

See accompanying notes to financial statements.

FARMER OF ILLINOIS HOME MORTGAGE AUTHORITY

Statement of Cash Flows
(in thousands)

For the years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Cash receipts from:		
Investment income on mortgage loans	\$ 1,430	1,462
Investment income on investments	2,805	1,797
Cash payments from:		
Interest on debt	(14,879)	(13,204)
Servicing fees	(343)	(264)
Insurance	(47)	(57)
Other operating expenses	(604)	(754)
Net cash provided by operating activities	<u>1,872</u>	<u>947</u>
Cash flows from capital financing activities -		
purchase of other assets	<u>(1)</u>	<u>(1)</u>
Cash flows from nonoperating financing activities:		
Bonds sold/issued	(44,893)	(21,488)
Bond proceeds	21,480	20,480
Proceeds from line of credit	13,873	3,509
Bond insurance costs and underwriter fees	(570)	(473)
Net cash provided by nonoperating financing activities	<u>6,270</u>	<u>1,708</u>
Cash flows from investing activities:		
Proceeds from sale of investments	21,858	28,348
Acquisition of investments	(43,517)	(19,356)
Acquisition of mortgage loans	(18,732)	(18,014)
Principal receipts from mortgage loans	52,508	18,263
Proceeds from real estate owned	48	45
Net cash provided by investing activities	<u>15,344</u>	<u>1,312</u>
Net increase in cash and cash equivalents	<u>23,087</u>	<u>3,210</u>
Cash and cash equivalents at beginning of year	<u>4,911</u>	<u>1,701</u>
Cash and cash equivalents at end of year	\$ <u>28,008</u>	\$ <u>4,911</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Net loss	\$ (913)	(964)
Adjustments to reconcile net loss to:		
net cash provided by operating activities:		
Amortization of bond insurance and other costs	1,115	871
Unrealized losses on investments	292	413
Change in assets and liabilities:		
Decrease in accrued interest receivable	144	1
Decrease in prepaid insurance	32	5
Increase in real estate interest related receivable	(78)	(7)
(Increase) decrease in other assets	(73)	57
Decrease in other liabilities	18	13
Increase in accrued interest payable	(528)	(233)
Decrease in deferred liabilities	(5)	(6)
Net cash provided by operating activities	\$ <u>1,078</u>	<u>947</u>

See accompanying notes to financial statements.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

(2) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

The Parish of Jefferson Home Mortgage Authority (the Authority) is a public trust, created pursuant to the Constitution and Laws of the State of Louisiana, particularly Chapter 3-A of Title 9 of Louisiana Revised Statutes of 1950, as amended, and the Trust Indenture, dated February 9, 1979, with Jefferson Parish, Louisiana as beneficiary. Pursuant to the Trust Indenture, the Authority is authorized to undertake various programs to assist in the financing and development of home ownership in the public interest within the boundaries of Jefferson Parish, Louisiana.

The Authority has the power to designate its management, the ability to significantly influence its operations and primary accountability for its fiscal matters. However, the Council of the Parish of Jefferson has the ability to remove members of the Authority's Board at will. Consequently, the financial statements of the Authority are included as a component unit of the Parish of Jefferson, Louisiana. This report includes all of the funds of the Authority.

The Authority began operations on August 1, 1979 and currently has separate bond programs as shown with original issuance amounts below:

<u>Date</u>	<u>Bond Name</u>	<u>Amount (in thousands)</u>
September 1, 1982	Single Family Mortgage Revenue Bonds, Series 1982 (1982 Program)	\$ <u>19,172</u>
September 1, 1984	Single Family Mortgage Revenue Bonds, Series 1984 (1984 Program)	\$ <u>21,258</u>
May 1, 1985	Single Family Mortgage Revenue Bonds (except Compound Bonds, Series 1985 interest bonds dated May 21, 1985) (1985 Program) Partially-defeased in 1994	\$ <u>26,808</u>
October 28, 1994	Taxable Compound Interest Bonds, Series 1994 (partially refunded/ defeased 1985/1988) Program)	\$ <u>26,258</u>
August 24, 1987	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1987A (1987 Program) (defeased in 1998)	\$ <u>58,600</u>

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

<u>Date</u>	<u>Issue Name</u>	<u>Amount</u> <u>(in thousands)</u>
October 1, 1988	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1988A (1988 Program) (refunded in 1991)	\$ <u>58,000</u>
June 1, 1989	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1989A (1989 Program)	\$ <u>58,000</u>
September 1, 1990	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1990A (1990 Program)	\$ <u>25,000</u>
December 23, 1991	Collateralized Mortgage Obligations, Series 1991A (1991 Program)	\$ <u>38,485</u>
December 1, 1993	Single Family Mortgage Revenue Bonds, Series 1993A and 1993B (Refunding) - (1993 Program)	\$ <u>28,350</u>
November 30, 1994	Tax-Exempt Agency Mortgage-Backed Securities, Series 1994A (1994 Program)	\$ <u>11,875</u>
August 11, 1995	Tax-Exempt Agency Mortgage-Backed Securities, Series 1995A (1995 Program)	\$ <u>12,580</u>
November 26, 1996	Tax-Exempt Agency Mortgage-Backed Securities, Series 1996A (1996 Program)	\$ <u>18,425</u>
May 27, 1997	Single Family Mortgage Revenue Refunding Bonds Securities, Series 1997B (refunded by 1997A program)	\$ <u>2,785</u>

PANISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

<u>Date</u>	<u>Issue Name</u>	<u>Amount (in thousands)</u>
August 28, 1997	Tax-Exempt Agency Mortgage-Backed Securities, Series 1997A (1997A Program)	\$ <u>17,000</u>
November 25, 1997	Tax-Exempt Agency Mortgage-Backed Securities, Series 1997E (1997E Program)	\$ <u>14,000</u>
September 1, 1998	Tax-Exempt Agency Mortgage-Backed Securities, Series 1998A1 and A2 and Refunding Securities (1998A1 and C2) (1998A2 Program)	\$ <u>37,118</u>
September 1, 1998	Single Family Mortgage Revenue Refunding Bonds, Series 1998B (1998B Program) (authorized but not issued as of December 31, 1998)	\$ <u>30,000</u>

The 1985 Program was partially defeased in 1994; refunded 1985 bonds were issued in conjunction with the defeasance. Consequently, the 1985 Program title has been changed to 1985/1994R Program.

Bonds and other obligations issued under the provisions of the Trust Indenture are not a debt or liability of the State of Louisiana, the Parish of Jefferson, or any other political subdivision.

The Authority's Board of Trustees is empowered under the Trust Indenture and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the bond program it initiates. In connection with the programs, the Authority utilizes area financial institutions to originate and service the mortgage notes acquired. In addition, a local area bank has been designated as trustee of the individual bond programs and has the fiduciary responsibility for the custody and investment of funds.

(b) Basis of Presentation - Fund Accounting

The accounts of the Authority are organized on the basis of individual programs. The programs, which are administered by a trustee bank, provide for a separate set of self-balancing accounts which account for funds raised, debt service and bond redemption requirements, investments, and related revenues and operating expenses. These individual programs are aggregated in the financial statements to comprise the fund of the Authority.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial treatment applied in the fund of the Authority is the accrual basis of accounting and the flow of economic resources measurement basis. Under this

FARM OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1988 and 1987

method, revenues are recognized when they are earned, and expenses are recognized when incurred. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1987 in accounting for its operations unless those pronouncements conflict with or contradict GAAE pronouncements.

(b) **Cash Equivalents**

Cash equivalents consist of all money market accounts and highly-liquid investments with a maturity of three months or less at date of purchase.

(c) **Investment Securities**

Investments are reported at fair value except for money markets and short-term investments, consisting primarily of financial instruments with a maturity of one year or less at time of purchase, which are reported at cost. Fair value is based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. The investment securities are reported for the use of the respective programs with the exception of the investment securities in the 1991 CMO Revolving Account, which are unassigned.

(d) **Bond Issuance Costs**

Costs related to issuing bonds are capitalized and amortized based upon the methods used to approximate the interest method over the term of the bonds.

(e) **Refunding State (Notes)**

Beginning with fiscal year 1993 and thereafter, gains and losses associated with refundings and advance refundings are being deferred and amortized as a component of interest expense based upon the methods used to approximate the interest method over the term of the new bonds or the remaining term on any refunded bond, whichever is shorter. The new debt is reported net of the deferred amount on the refunding. The deferred amounts are disclosed in note 4.

(f) **Commitment Fees**

The Authority receives commitment fees from lenders for designating certain funds for the purchase of mortgage loans originated by the lenders. These noncancelable fees are deferred, and if the commitment is exercised, recognized over the life of the loan as an adjustment of yield, or if the commitment expires unexercised, it is recognized in income upon the expiration of the commitment.

(g) **Real Estate Owned**

Real estate owned, comprised of real estate acquired in partial satisfaction of loans, is recorded at the related unpaid loan principal balance at the time of foreclosure. Substantially all costs of maintaining real estate owned are reimbursed under various insurance coverages. The excess of the unpaid principal and accrued interest balances over sales proceeds realized is also reimbursed under various insurance coverages.

(2) **Cash, Cash Equivalents and Investment Securities**

Cash deposits and cash equivalents of \$28,858,080 and \$4,971,800 at December 31, 1988 and 1987,

STATE OF NEW YORK HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

respectively, are held in financial institutions. The December 31, 1998 and 1997 balances were composed of cash equivalents that were invested in money market funds, of which the underlying assets are guaranteed by the U.S. Government.

At December 31, 1998 and 1997, investments were held as specifically required under terms of the Trust Indentures. These investments include U.S. Treasury bills, U.S. Treasury notes, and guaranteed investment contracts.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Authority's name.

The fair values of investment securities and their category classification at December 31 are as follows:

	1998		1997	
	Fair value	Category	Fair value	Category
	(in thousands)		(in thousands)	
U.S. Government Securities -				
1991 Program	2,420	3	2,367	3
Guaranteed Investment Contracts:				
1982 Program	96	-	16	-
1984 Program	278	-	806	-
1985/1998 Program	8	-	383	-
1988 Program	-	-	2,279	-
1993 Program	2,197	-	1,965	-
1999 Program	1,184	-	642	-
1991 Program	1,142	-	1,783	-
1992 Program	1,248	-	715	-
1994 Program	570	-	20	-
1995 Program	589	-	81	-
1996 Program	345	-	144	-
1997A Program	5	-	13,436	-
1998A/C Program	57,405	-	-	-
	<u>\$ 47,812</u>		<u>23,998</u>	

Collateral on the guaranteed investment contracts is not required unless the financial institution does not meet certain investment-rating requirements. At December 31, 1998, the financial institutions met the investment-rating requirements and, as a result, no collateral is currently pledged for the 1998 program.

PANISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

As explained in note 9, the Authority adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment Funds*.

10) Mortgage Loans Receivable

Mortgage loans receivable for the 1982, 1984, 1985/1988 and 1991 Programs are secured by first liens on single family residential property. Mortgage loans for the 1989 and 1990 Programs represent fully-modified mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single family residences located within the Parish of Jefferson. Mortgage loan receivable for the 1993 program consists of the mortgage loan receivable remaining from the 1983 Program and includes mortgage loans represented by fully modified mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson. Mortgage loan receivable for the 1994, 1995, 1996 and 1997A programs represent mortgage pass-through certificates (GNMA and FNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson. The GNMA certificates of the 1993, 1994, 1995, 1996 and 1997A loans are fully guaranteed by the United States government; the Authority is not responsible for mortgage loan insurance. The FNMA certificates of the 1994, 1995, 1996 and 1997A loans are fully guaranteed by the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation. As of December 31, 1998, no loans have been issued for the 1997B and B programs nor the 1998A/C and D programs.

In the 1982, 1984, 1985, 1991 and 1993 Programs, each mortgage loan purchased by the Authority is insured for mortgage default under various policies. Additionally, mortgage loans are insured under a master policy of supplemental mortgage insurance and under a master policy of special hazard insurance.

Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

The mortgage loans have stated interest rates to the Authority as follows:

1982 Program	12.000%
1984 Program	10.500%
1985/1988 Program	10.200%
1987 Program	9.125%
1988 Program	8.800%
1989 Program	8.500%
1990 Program	8.400%
1991 Program	7.625%
1993 Program-GNMA	5.900%
1995 Program-Firm Loan	7.750%
1994 Program	7.000%
1995 Program	7.100%
1996 Program	6.750%
1997A Program	6.500%

Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

The fair values of GYMA certificates, their category classification, and mortgage loans receivable at amortized cost at December 31 are as follows:

	1998			
	Mortgage- backed securities at fair value	Category	Mortgage loans receivable at amortized cost	Total
	(Amounts in thousands)			
GYMA Certificates:				
1982 Program	\$ -		\$ 127	127
1984 Program	-		3,463	3,463
1983/1988 Program	-		3,633	3,633
1987 Program	-		-	-
1988 Program	-		-	-
1989 Program	21,684	I	-	21,684
1990 Program	30,343	I	-	30,343
1991 Program	-		12,053	12,053
1992 Program	15,313	I	4,232	19,545
1994 Program	7,282	I	-	7,282
1995 Program	9,623	I	-	9,623
1996 Program	15,828	I	-	15,828
1997A Program	14,367	I	-	14,367
	<u>84,511</u>		<u>36,328</u>	<u>120,839</u>
FNMA Certificates:				
1994 Program	\$ 1,397	I	-	1,397
1995 Program	1,451	I	-	1,451
1996 Program	1,558	I	-	1,558
1997A Program	2,543	I	-	2,543
	<u>6,949</u>		<u>-</u>	<u>6,949</u>
	<u>\$ 91,460</u>		<u>\$ 36,328</u>	<u>\$ 127,788</u>

DARWIN OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

	1997			
	Mortgage-backed securities at fair value	Category	Mortgage loans receivable at amortized cost	Total
	(amounts in thousands)			
GNMA Certificates:				
1982 Program	\$ -	-	\$ 131	131
1984 Program	-	-	3,284	3,284
1985/FHMLK Program	-	-	2,387	2,387
1987 Program	13,348	1	-	13,349
1988 Program	22,347	1	-	22,347
1989 Program	27,218	1	-	27,219
1990 Program	13,385	1	-	13,385
1991 Program	-	-	26,353	26,353
1993 Program	19,969	1	4,867	24,836
1994 Program	7,663	1	-	7,667
1997 Program	80,800	1	-	80,800
1998 Program	16,332	1	-	16,337
	<u>\$ 126,212</u>		<u>37,600</u>	<u>163,345</u>
FHMLK Certificates:				
1994 Program	1,632	1	-	1,632
1995 Program	1,568	1	-	1,568
1996 Program	1,619	1	-	1,619
	<u>4,819</u>		<u>-</u>	<u>4,802</u>
	<u>\$ 131,115</u>		<u>\$ 37,602</u>	<u>168,147</u>

FUND OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

(4) Bonds Payable

Bonds payable are as follows at December 31:

	1998	1997
Single Family Mortgage Revenue Bonds, Series 1983 dated September 1, 1983 - \$2 due September 1, 2014 at 11.615%	9	9
Single Family Mortgage Revenue Bonds, Series 1984 dated September 1, 1984 - \$615 due serially from March 1, 1998 to September 1, 1999 at interest rates of 9.8% to 9.90%, and \$424 due serially from March 1, 2000 to September 1, 2019 at interest rates of 10.99% to 11.98%	444	1,099
Taxable Compound Interest Refunding 1985 Bonds, Series 1984 dated October 18, 1984 - \$1,932 representing interest at approximately 9.5% due May 1, 2017	1,932	1,932
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1987A dated August 24, 1987 - \$12,813 due August 1, 2019 at 8.965%	-	12,813
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1988A dated October 1, 1988 - \$1,283 due serially from April 1, 1988 to October 1, 2000 at interest rates of 7.6% to 7.80%, \$320 due April 1, 2012 at 7.875%, and \$21,360 due April 1, 2020 at 8.385%	-	25,189
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1989A dated June 1, 1988 - \$1,468 due serially from June 1, 1998 to December 1, 2000 at interest rates of 7.125% to 7.48%, \$4,408 due December 1, 2009 at 7.65%, and \$19,123 due December 1, 2021 at 7.825%	21,260	26,085

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
GMMA Collateralized Single Family Mortgage Revenue Bonds, Series 1995A dated September 1, 1996 - \$1,380 due serially from March 1, 1998 to September 1, 2003 at interest rates of 7.0% to 7.80%, \$4,825 due March 1, 2010 at 7.875%, and \$7,370 due September 1, 2023 at 8.10%.	\$ 10,595	12,785
Collateralized Mortgage Obligations, Series 1991A, dated December 20, 1991 - \$25,839 (net of \$1,287 in bond discount) due September 15, 2003 at interest rates of 6.50% to 6.90%, and \$174 due September 15, 2012 at 8.20%.	21,593	28,113
Single Family Mortgage Revenue Bonds, Series 1991A and Series 1991B dated December 1, 1993 - \$3,825 due serially from June 1, 1998 to June 1, 2005 at interest rates of 4.45% to 5.00%, \$21,214 (net of \$55 in bond discount) due serially from June 1, 2014 to December 1, 2024 at 6.00%, \$6,399 due June 1, 2013 at 4.50%, and \$1,080 due December 1, 2013 at 6.00%.	21,106	22,119
Tax-Exempt Agency Mortgage-Backed Securities, Series 1994A, dated November 28, 1994 - \$738 due December 1, 2008 at 6.75%, \$3,145 due December 1, 2010 at 7.25%, and \$5,485 due December 1, 2026 at 7.55%.	9,698	9,970
Tax-Exempt Agency Mortgage-Backed Securities, Series 1995A, dated August 29, 1995 - \$1,885 due December 1, 2008 at 5.45%, \$3,235 due December 1, 2016 at 5.90%, \$2,080 due December 1, 2020 at 6.20%, and \$4,300 due December 1, 2026 at 6.65%.	11,388	11,628

PARSONS OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Tax-Exempt Agency Mortgage-Backed Securities, Series 1996A dated November 20, 1996 - \$3,640 due June 1, 2000 at 5.25%, \$1,750 due December 1, 2000 at 5.25%, \$875 due December 1, 2011 at 5.45%, \$8,000 due June 1, 2020 at 5.85%, and \$8,000 due June 1, 2028 at 6.15%	\$ 18,000	18,285
Tax-Exempt Agency Mortgage-Backed Securities, Series 1993A dated August 1, 1997 - \$2,450 due June 1, 2007 at 4.95%, \$1,850 due December 1, 2011 at 5.05%, \$3,800 due December 1, 2017 at 5.20%, \$3,800 due June 1, 2023 at 5.65%, and \$3,295 due December 1, 2028 at 5.85%	17,078	17,395
Tax-Exempt Agency Mortgage-Backed Securities, Series 1998A-1 dated September 1, 1998 - \$3,800 due December 1, 2009 at 5.25%; Series 1998A-2 dated Date of Delivery - \$5,620 due September 1, 1999 at 3.625%; Tax-Exempt Agency Mortgage-Backed Refunding Securities, Series 1998C-1 dated September 1, 1998 - \$9,700 due December 1, 2003 at 5.05%, \$9,700 due December 1, 2014 at 5.45%, \$3,220 due June 1, 2028 at 5.20%; Series 1998C-2 dated Date of Delivery - \$5,480 due September 1, 1999 at 3.625%; (plus premium on bonds of \$180)	<u>21,508</u>	<u>-</u>
Total bonds payable	171,745	182,504
Deferred gain on the 1985 (1985 Program) advance refunding	217	250
Deferred loss on the 1983 (1993 Program) current refunding	<u>(872)</u>	<u>(332)</u>
	\$ <u>171,890</u>	<u>182,424</u>

The bonds in the 1981, 1984, 1985/1998, 1996 and 1993 Programs are secured by an assignment and pledge of real security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interests in and to

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

the agreement and (B) all monies and securities held under the Trust Indenture, including monies in the funds and accounts created pursuant thereto (including certain monies representing various investment earnings, if any, required to be remitted to the United States Government in accordance with the Trust Indenture).

Under the Trust Indenture, the Authority has the option to redeem bonds maturing on or after December 1, 2000 (1989 Program) at 103% of the then outstanding balance and subsequently lower prices declining to par; September 1, 2000 (1990 Program) at 102% of the then outstanding balance and subsequently lower prices declining to par; December 15, 2001 current interest bonds (1991 Program); December 1, 2003 (1995 Program) at 102% of the then outstanding balance and subsequently lower prices declining to par. The Authority has an option to redeem bonds in the 1984, 1985/1986 and 1986 programs of the compound interest bonds in the 1991 Program.

The 1988 and 1987 Program bonds payable were liquidated in 1988 from the proceeds of the sales of the mortgage-backed securities issued by these programs. The sales of the securities resulted in losses of \$414,808 for the 1988 Program and \$153,808 for the 1987 Program. The losses are included in investment income on mortgage loans.

The Authority is in material compliance with its bond covenants.

PANEL OF INDIAN HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

While the 1983/1994C program has no scheduled maturities until 2017 and 2019, respectively, principal and interest payments are made each year based on the amount of mortgage loan principal and interest payments received. Each of the other bond programs may have early bond calls based on the timing of mortgage loan principal and interest payments. An excess cash is accumulated, the Authority is required to issue bond calls.

The bonds in the 1989, 1990, 1994, 1995, 1996 and 1997A and B and 1998A-C Programs are secured by an assignment and pledge of and security interest in: (i) all GNMA and/or FNMA Certificates and the income therefrom, (ii) the rights and interest of the issuer in the Origination Agreements, the GNMA and/or FNMA Guaranty Agreement and the Servicing Agreement and (iii) all money and securities held under the Indenture except money and securities held in the Refuse Fund.

The principal balance on deferred bonds outstanding at December 31 are as follows:

	<u>1998</u>	<u>1997</u>
1979 Program		
(defused by the 1991 Program)	\$ <u>34,858,000</u>	<u>35,080,000</u>
1983 Program		
(defused by the 1984 "1985" Program)	\$ <u>1,300,000</u>	<u>1,151,470</u>

On October 1, 1998, the Authority entered into a line of credit agreement with a local bank, with an interest rate of 5.087%, secured by the 1998D bonds and the certificate of deposit.

On December 31, 1997, the Authority entered into a line of credit agreement with a local bank, with an interest rate of 5.44%, secured by the 1997E bonds and the certificate of deposit.

(B) Deferred Commitment Fees

As of December 31, 1998 and 1997, deferred commitment fees consisted of \$179,800 and \$430,000, respectively, related to the 1993 Program.

(C) Retained Earnings

Retained earnings is unreserved for the CMO Pledged account within the 1991 Program. The unreserved funds within this account totaled \$3,151,800 and \$2,447,000 as of December 31, 1998 and 1997, respectively, and are for the benefit of all Programs and available to the Authority for its purpose of permitting and providing residential housing in the Parish of Jefferson. Although unrestricted in a particular program, this unreserved retained earnings must be maintained by the Authority until all bonds and programs are liquidated. The remaining retained earnings is reserved for specific operating costs as described in the trust indentures.

(D) Creation of the 1997 and 1998 Programs

On August 28, 1997, the Authority issued \$17,799,080 Tax-Exempt Agency Mortgage-Backed Securities, Series 1997A. Amounts due under this program are as follows: \$2,450,000 will be due June 1, 2007 at 4.98%, \$1,850,000 will be due December 1, 2011 at 5.61%, \$3,000,000 will be due December 1, 2017 at 5.39%, \$5,000,000 will be due June 1, 2021 at 5.61%, and \$5,299,080 will be due December 1, 2028 at 5.67%. These bonds constitute the 1997A Program.

TABLE OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

The 1997A bonds include \$5,385,808 to refund certain outstanding obligations of the Authority, referred to as the Prior Bonds. The remaining \$12,080,000 of proceeds were used to purchase qualifying mortgage loans secured by the mortgages made to qualified individuals for single family residences located within the Parish of Jefferson, Louisiana. The Prior Bond refunding of \$5,385,808 was comprised of \$585,000 for the 1984 Program, \$1,515,000 for the 1985 Program, \$480,000 for the 1989 Program and \$2,795,808 for the 1997B Program. Upon receipt thereof, the Prior Bond program transferred a like amount to the 1997A Program, thereby creating a total amount of \$12,385,000 in the 1997A Program, for the purchase GNMA and FNMA Certificates. There was no economic gain or loss associated with this issue.

On May 27, 1993, the Authority issued \$2,705,000 Single Family Mortgage Revenue Bonds, Series 1997D (1997D) which were refunded by the 1997A program as referred to above.

On November 25, 1997, the Authority issued an official statement to sell \$15,000,000 of Single Family Mortgage Revenue Refunding Bonds Series 1997E (1997E).

In order to begin using the 1997E bonds for their intended purpose, the Authority obtained a line of credit for \$3,579,268 from a local bank, the proceeds of which were used to pay maturities and/or bond calls for the following programs: 1985 (\$184,000), 1989 (\$1,865,000), 1993 (\$570,000), 1994 (\$298,000), 1995 (\$170,000) and 1998 (\$168,000). The line of credit is secured by a like certificate of deposit and is backed by the future 1997E bond proceeds.

On September 1, 1998, the Authority issued \$37,110,000 Tax-Exempt Agency Mortgage-Backed Securities, Series 1998A-1 and A-2, and Tax-Exempt Agency Mortgage-Backed Refunding Securities, Series 1998C-1 and C-2. \$11,000,000 will be due September 1, 1999 at 3.625%, \$5,700,000 will be due December 1, 2001 at 5.000%, \$9,750,000 will be due December 1, 2004 at 5.400%, \$5,210,000 will be due June 1, 2016 at 5.200%, and \$5,450,000 will be due December 1, 2029 at 5.250%. These bonds constitute the 1998AC Program.

The Bonds were issued in order to provide funds to finance the purchase of mortgage loans and/or mortgage-backed securities, to refund all of the outstanding GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1987A, and a portion of the outstanding Single Family Mortgage Revenue Refunding Bond, Series 1997E.

On September 1, 1998 the Authority authorized the issuance of \$70,000,000 Single Family Mortgage Revenue Refunding Bonds, Series 1998E to be issued as a single draw down type tax-exempt "Trade Bond". The Bonds proceeds will be used to refund portions of one or more the Authority's outstanding bond issues.

(B) Commitments

At December 31, 1998, the Authority was obligated under an operating lease for office space. The lease required a minimum annual payment of \$12,030 through May 1997. In February 1997, the Authority signed an operating lease for office space for a term of ten years, beginning on May 1, 1997 and ending on April 30, 2007. The lease requires an annual payment of \$17,160.

PANHANDLE OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

December 31, 1998 and 1997

(9) Implementation of GASB 31

Effective January 1, 1997, the Authority adopted the provisions of the Governmental Accounting Standards Board's Statement No. 31, *Accounting for Financial Reporting for Certain Investments and for Advanced Investment Funds*. This statement establishes fair value standards for investments in debt securities. Fair value is the amount in which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Governmental entities should report debt securities at fair value on the balance sheet. The Authority has reviewed its fund balances as of January 1, 1997 to conform to the policies and presentation requirements of GASB No. 31.

The retrospective application of the change in accounting policy for investments affected the amounts previously reported as retained earnings as follows:

Retained earnings, January 1, 1997, as previously reported	\$ 71,576
Realized gain on investments and other securities in prior period	<u>3,618</u>
Retained earnings, January 1, 1997, as restated	\$ <u>75,194</u>
Net loss, year ended December 31, 1997, as previously reported	\$ (144)
Realized loss on investments and other securities	<u>(415)</u>
Net loss, year ended December 31, 1997, as restated	\$ <u>(559)</u>

(10) Year 2000 Readiness

The Year 2000 may present problems for the Authority's computerized data files and computer programs which were written with the year represented by the last two digits for space conservation. The Authority's computer consultants began a remediation program in 1998 which is being monitored regularly by the Authority's management. The Authority's computer systems are undergoing modifications and/or replacement. These efforts are currently on schedule. The Authority has not budgeted any above-normal costs in 1998 nor in 1999 to address Year 2000 issues as such above-normal costs are not anticipated. The Authority believes it will receive the completed Year 2000 modifications and will realize no material negative financial impact. The Authority's computer consultants have tested Year 2000 changes and have represented to the Authority that the systems will be Year 2000 compliant by June 30, 1999.

TABLE OF DEFERRED HOME MORTGAGE ALTIORITY

Schedule of assets, Liabilities and Related Savings by Program
in Mortgage

December 31, 1998

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	Program											
assets												
Cash and cash equivalents	\$	487	18	1,041	421	-	1,411	2,044	751	-	261	-
Investment securities, at fair value		258	4	2,178	1,864	-	2,178	3,562	1,348	-	1,110	-
Mortgage loan receivables		2,463	1,603	21,488	16,031	-	16,031	22,893	19,540	-	1,799	-
Real estate owned		-	-	-	-	-	-	4	-	-	-	-
Accrued interest receivables		16	18	184	41	-	184	115	85	-	11	-
Real insurance receiv. net		-	95	375	111	-	375	780	287	-	81	-
Prepaid taxes		-	4	-	-	-	-	-	-	-	-	-
Other assets		4	38	-	-	-	-	42	-	-	-	-
\$	116	3,273	1,808	28,106	13,411	-	28,106	37,728	31,326	-	3,914	-

Liabilities and Related Savings

Liabilities:												
Bonds payable, net	\$	488	1,212	13,268	10,993	-	13,268	21,883	21,919	-	16,961	-
Line of credit payable, net		-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable		16	488	68	787	-	68	278	47	-	54	-
Deferred commitments fees		-	-	-	-	-	-	-	123	-	-	-
Other liabilities		-	-	-	-	-	-	41	-	-	-	-
\$	15	1,944	1,712	13,418	11,977	-	13,418	22,222	22,241	-	17,016	-
Related savings:												
Unamortized		-	-	-	-	-	-	3,488	-	-	-	-
Reserve		15	1,929	1,367	1,368	-	1,368	3,899	281	-	528	-
Total related savings		15	1,944	1,367	1,368	-	1,368	8,387	781	-	580	-
Total liabilities and related savings	\$	116	3,273	1,808	28,106	-	28,106	31,609	23,021	-	23,616	-

See accompanying independent auditor's report.

PART 1 of 2
(A)

Schedule 1

PART 2 of 2
(A)

2008 Program	2009 Program	2010 Program	2011 Program	2012 Program	2013 Program	2014 Program	Total
80	15	214	-	971	414	26,750	28,364
820	781	0	-	-	2,562	27,500	30,843
11,000	11,000	6,614	-	-	-	-	17,614
85	65	66	-	6	180	-	317
100	115	242	-	-	494	-	851
-	-	-	-	-	-	-	128
11,000	11,447	17,781	-	977	3,111	27,250	51,966
11,000	11,000	17,614	-	971	3,050	-	33,635
80	82	78	-	6	184	26,828	28,078
-	-	-	-	-	-	50	50
-	-	11	-	-	-	-	11
11,000	11,000	17,614	-	977	3,050	26,828	53,469
500	500	500	-	-	75	-	1,575
500	500	500	-	6	75	-	1,581
11,000	11,000	17,614	-	983	3,125	26,828	53,550

1999 Program	2000 Program	2001 Program	2002 Program	2003 Program	2004 Program	2005 Program
1,111	1,080	111	-	271	656	10,798
24	26	502	-	-	-	2,504
1,135	1,106	1,133	-	271	656	13,302
807	1,029	987	-	287	629	11,444
14	28	11	-	-	-	1,128
26	48	47	-	-	-	148
-	-	-	-	-	-	4
-	-	-	-	-	-	26
-	-	-	-	-	-	41
-	-	-	-	-	-	11
807	1,123	1,054	-	287	629	13,574
300	316	384	-	4	203	1,014
507	1,122	1,025	82	-	272	1,144
112	81	1,029	46	4	136	614
395	1,111	1,078	-	-	-	13,952
502	46	342	-	4	24	6,618

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(B)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

For the years ended December 31, 1998 and 1997

The members of the Authority's Board of Trustees receive per diem payments for meetings attended and services rendered and are also reimbursed for actual expenses incurred in the performance of their duties as members of the Board of Trustees. For the years ended December 31, 1998 and 1997, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	<u>Regular Per Diem</u>	<u>Extra Per Diem</u>	<u>1998 Total</u>	<u>1997 Total</u>
Dickson, Margaret R.	48	5	53	39
Emery, Alan L.	51	40	91	81
Fornace, Bruce P. (Abscond)	-	-	-	0
Fraddella, Frank	51	22	73	77
Kelly, Daniel P. (Outgoing)	-	-	-	5
Lambert, Robert J.	50	28	78	71
Lay, Fred M.	50	28	78	65
Lewis, Joseph R.	49	21	70	60
Thomas, Anthony	50	29	79	72

Per Diem Payments:

	<u>1998</u>	<u>1997</u>
Dickson, Margaret R.	\$ 1,500	1,600
Emery, Alan L.	9,100	8,100
Fornace, Bruce P. (Abscond)	-	0
Fraddella, Frank	7,500	7,700
Kelly, Daniel P. (Outgoing)	-	500
Lambert, Robert J.	7,800	7,100
Lay, Fred M.	7,800	6,500
Lewis, Joseph R.	7,000	6,000
Thomas, Anthony	7,900	7,200
	<u>\$ 52,200</u>	<u>45,700</u>

See accompanying independent auditors' report.